



PUBLIC NOTICE

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CONNECT AMERICA FUND PHASE II AUCTION POST-AUTHORIZATION DEFAULTS ANNOUNCED

AU Docket No. 17-182

WC Docket No. 10-90

By this Public Notice, the Wireline Competition Bureau (WCB) announces that Gila Local Exchange Carrier, Inc. d/b/a Alluvion Communications, Inc. (GLEC) and Fond du Lac Communications, Inc. (Fond du Lac) have notified the Commission of their decisions to withdraw from the Connect America Fund (CAF) Phase II auction support program.¹ Fond du Lac's and GLEC's letters constitute notification to the Commission that they are defaulting on their obligations to meet their service milestones.² At WCB's direction, the Universal Service Administrative Company (USAC) suspended future support payments for these support recipients, and we now direct USAC to recover CAF Phase II support from GLEC and Fond du Lac pursuant to the Commission's rules.³

On August 28, 2018, GLEC and Fond du Lac Reservation Business Committee were announced as winning bidders in the CAF Phase II auction.⁴ Fond du Lac Reservation Business Committee assigned its winning bids to its wholly-owned communications company, Fond du Lac.⁵ Fond du Lac and GLEC subsequently filed long-form applications seeking to become authorized to receive CAF Phase II auction support for their winning bids.⁶ GLEC was authorized in May 2020 to receive a total of \$104,499.00 in support over a 10-year term to offer voice and broadband service to 29 locations in Arizona, and Fond du Lac was authorized in July 2020 to receive a total of \$55,010.80 in support over a 10-year term to offer voice and broadband service to 13 locations in Minnesota.⁷ In April 2022, WCB sent letters to Fond du

¹ Letter from Duncan Wiston, Interim General Manager, Gila Local Exchange Carrier d/b/a Alluvion Communications, Inc., to Trent B. Harkrader, Chief, Wireline Competition Bureau, FCC, WC Docket No. 10-90 et al. (filed Dec. 13, 2022) (GLEC Withdrawal Letter); Letter from Kevin R. Dupuis, Sr., Chairman, Aaniin, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 10-90 et al. (filed Mar. 29, 2023) (Fond du Lac Withdrawal Letter).

² 47 CFR §§ 54.315(c)(4), 54.320(d).

³ *Id.* §§ 54.315(c)(4), 54.320.

⁴ *Connect America Fund Phase II Auction (Auction 903) Closes; Winning Bidders Announced; FCC Form 683 Due October 15, 2018*, AU Docket No. 17-182 et al., Public Notice, 33 FCC Rcd 8257 (WCB/WTB 2018).

⁵ *134 Long-Form Applicants in the Connect America Fund Phase II Auction (Auction 903)*, AU Docket No. 17-182 et al., Public Notice, 33 FCC Rcd 10967 (WCB/WTB 2018).

⁶ *Id.*

⁷ *Connect America Fund Phase II Auction Support Authorized for 77 Winning Bids*; AU Docket No. 17-182 et al., Public Notice, 35 FCC Rcd 4869, Attach. A (WCB/OEA 2020) (*GLEC Authorization Public Notice*); *Connect America Fund Phase II Auction Support Authorized for 483 Winning Bids*, AU Docket No. 17-182 et al., Public Notice, 35 FCC Rcd 7053, Attach. A (WCB/OEA 2020) (*Fond du Lac Authorization Public Notice*).

Lac and GLEC expressing concern with the carriers' ability to meet upcoming build-out milestones because they had certified in the High Cost Universal Broadband portal that they had deployed voice and broadband services meeting the CAF Phase II auction requirements to zero locations.⁸

GLEC and Fond du Lac filed letters in the relevant dockets notifying the Commission of their decisions to withdraw from the CAF Phase II auction support program in December 2022 and March 2023, respectively.⁹ Accordingly, we consider GLEC and Fond du Lac to have defaulted on their CAF Phase II auction service milestones. Each will receive no further CAF Phase II auction support payments,¹⁰ and we hereby instruct USAC to recover funds consistent with the Commission's rules.¹¹ While GLEC and Fond du Lac will no longer receive CAF II auction support, they remain subject to recordkeeping rules for the high-cost program.¹² GLEC and Fond du Lac also remain subject to all Eligible Telecommunications Carrier (ETC) obligations unless and until they follow the relevant procedures to relinquish their designations.¹³ Additionally, GLEC and Fond du Lac cannot discontinue voice service without Commission approval.¹⁴

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⁸ *The Wireline Competition Bureau in Conjunction with the Rural Broadband Auctions Task Force Announce the Availability of Connect America Fund Phase II Auction Deployment Data*, WC Docket No. 10-90 et al., Public Notice, DA 22-391 (WCB Apr. 8, 2022) (referencing letters available at <https://www.fcc.gov/file/22928/download>).

⁹ GLEC Withdrawal Letter, Fond du Lac Withdrawal Letter.

¹⁰ See 47 CFR § 54.315(c)(4) ("Authorization to receive Phase II auction support is conditioned upon full and timely performance of all of the requirements set forth in this section, and any additional terms and conditions upon which the support was granted."). See also *GLEC Authorization Public Notice*, 35 FCC Rcd at 4869-74; *Fond du Lac Authorization Public Notice*, 35 FCC Rcd at 7053-59 (providing a non-comprehensive summary of the CAF Phase II auction requirements). After each support recipient notified WCB of its intent to withdraw from the CAF Phase II auction support program, WCB immediately instructed USAC to suspend the support recipient's CAF Phase II auction support payments. 47 CFR § 54.320(c).

¹¹ 47 CFR §§ 54.315(c)(4), 54.320(d)(2). Fond du Lac's and GLEC's decisions to withdraw from the CAF Phase II auction support program and not pursue further support constitute notification that they will not meet the final service milestone and that they will not come into compliance after a 12-month grace period or at any point during the support term. If a support recipient does not repay the required support amount within six months of receiving an invoice from USAC, the Bureau will authorize USAC to draw on the support recipient's letter of credit. *Id.* § 54.315(c)(4)(i).

¹² *Id.* § 54.320(b) ("All eligible telecommunications carriers shall retain all records required to demonstrate to auditors that the support received was consistent with the universal service high-cost program rules. This documentation must be maintained for at least ten years from the receipt of funding. All such documents shall be made available upon request to the Commission and any of its Bureaus or Offices, the Administrator, and their respective auditors.").

¹³ 47 U.S.C. § 214(e)(4). GLEC, which was designated as an ETC by the Arizona Corporation Commission (ACC), should follow the ACC's rules to the extent it seeks relinquishment. *In the Matter of the Application of Gila Local Exchange Carrier, Inc., for Designation as an Eligible Telecommunications Carrier in the State of Arizona*, Docket No. T-201515A-18-0298, Order, Decision No. 77049, Arizona Corporation Commission (Jan. 16, 2019). As a federally-designated ETC, Fond du Lac remains subject to all ETC obligations unless and until WCB approves an application to relinquish the designation. *Telecommunications Carriers Eligible for Universal Support et al.*, WC Docket No. 09-197 et al., Order, 35 FCC Rcd 4416 (WCB 2020).

¹⁴ 47 U.S.C. § 214(a); 47 CFR § 63.71.